New Grant Policy 'Act of Bad Faith'

OTTAWA (UPI) — The federal government will give Newfoundland an adjustment grant of $36,500,000 over a five-year period to implement the recommendations of the royal commission which investigated the financial terms of Newfoundland's union with Canada.

Prime Minister John Diefenbaker announced yesterday on the eve of the 10th anniversary of Newfoundland becoming Canada's 10th province, that the government does not propose to make the annual grant of $8,000,000 a year after 1961-62 as suggested by the McNair Commission.

The announcement brought an angry protest from Newfoundland member J. W. Pickersgill who charged that the decision to stop the payments in 1962 was "an act of bad faith unequalled in the history of Canada."

Pickersgill, whose thoughts are expected to be close to those of Newfoundland Premier Joseph Smallwood, said "there will be bitter resentment in Newfoundland" over the government decision.

He said anything less than the royal commission's recommendation that the payments should continue indefinitely "is a violation of the terms of union."

"I believe the majority of Canadians from coast to coast who believe in the sanctity of the pledged word will hang their heads in shame of this act of bad faith," he concluded.

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Federal Welfare Payments Prevent Secession

Newfoundland Disenchanted Island

By W. A. WILSON
Special to The Colonist
(Fourth of a Series)

Newfoundland has gained far more in grants, family allowances and unemployment insurance from the federal government than it has been able to earn in any way that stems from union with Canada.

Welfare payments alone probably would prevent any secession movement from ever gaining ground but they do not offset a growing disenchantment with Confederation.

The situation appears to an outsider not unlike the uncomfortable discovery the United States has made through its foreign aid program—grants will be accepted but they do not buy much regard because they are not what is needed fundamentally.

Newfoundland receives grants. It needs a stronger economy, providing more employment and a broader basis for provincial taxation.

Open Dislike

Today, because mainland criticism of the government's controversial labor legislation has been added to the federal government's refusal to send additional RCMP men when they were requested, there is open dislike of Canada as a whole in many quarters.

There is a general conviction here that the mainland seldom looks at the 10th province at all, and when it does, looks down on it with a sense of its own superiority. The slight Newfoundlanders see in the Federal Government's present attitude appears to many of them to fit this habitual pattern of relations.

★ ★ ★

Ottawa's Attitude Feeds Resentment

★ ★ ★

A federal grant to Newfoundland of $36,500,000 was announced in Ottawa yesterday. See story at left.

Incredulous

The recent decision of Manitoba Legislature to adjourn its own business and debate Newfoundland's affairs caused incredulity here. Premier Smallwood, in an interview with this reporter, commented: "I wonder what they would say if we decided to debate Manitoba's affairs in the House of Assembly? Let's see—they don't have a government majority in their legislature. We could debate that. I could give my views on what Duff Roblin should do. Mr. Hollett (opposition leader Malcolm Hollett) could give his.

"We might do that and see what happens. No, I suppose it wouldn't be a very dignified thing to do."

Primarily this province urgently needs a broader basis for its economy. Today it is based on a declining mining industry, two newsprint mills with somewhat higher operating costs and forced to fight against cost increases that would price them out of the market, the fishing industry and the American bases.

In the midst of his fight with the International Woodworkers of America, Premier Smallwood learned his attempts to secure a third paper mill here had failed. Crown Zellerbach, the world's second largest producer, had been granted options and had undertaken to make a survey of possibilities. It reported it saw no chance of establishing a profitable mill and was dropping the options.

Heart Breaking

"It's just about heart breaking," Mr. Smallwood commented. "They say they don't see any chance of making it pay. The cost in Newfoundland is too high today compared to the market price.

"For me, personally, it is heart breaking because I did have my heart set on getting another paper mill in here. I don't belive all hopes of a third mill are gone but they are gone for the time being."

It is known that one of Mr. Smallwood's greatest ambitions was to bring a third mill. It would take up much of the slack in the economy as mills have done in the past.

Meagre Living

"For four centuries they got a most meagre, thin, watery living." The premier says of the people of Newfoundland. "The Anglo-Newfoundland Development Co. was the first gift from God. The mill at Grand Falls was the great, ibg special Christmas present God gave us.

"Ten thousand fishermen for the first time could earn an extra dollar they didn't get from fish hauled from the Atlantic Ocean. The turn-over in the woods would be tremendous but thousands got a chance to augment their incomes for the first time."

Personal Wish

Mr. Smallwood also discussed another reason why he wishes to bring in a third mill, with benefits that would follow in terms of employment and increased provincial income. The two existing mills were brought here by Liberal premiers, Sir Robert Bond and Sir Richard Squires. Mr. Smallwood said he wishes to be the third Liberal premier to do so.

"The short range prospect seems even less encouraging in Newfoundland than it does generally. Forty per cent of the working force is unemployed.

"As for the long term, I have great faith in the future through development of natural resources. We have a power potential on a very big scale on the Hamilton Falls and the Hamilton River watershed generally, close to 10,000,000 horse power of very low cost power.

Wood Galore

"There are great mineral resources in Labrador and some on the island of Newfoundland. There are 50,000,000 cords of prime pulpwood growing in Labrador, enough to support five mills, the size of Grand Falls.

"We even hope the day will come when the world will prize fish more than it does today."

Prosperity would improve Newfoundland's relations with the rest of Canada more rapidly than any other development, through reducing its dependence. Meanwhile, however, 40 per cent of its labor force is unemployed. Dosco's announcement that it shortly will be forced to lay off more than 500 men at its Bell Island mine, depressed most of Newfoundland. The men stand virtually no chance of finding new jobs.

Banks Open Saturday

All Victoria banks will open for business for two hours Saturday from 9 to 11 a.m.

Banks will be closed both Good Friday and Easter Monday.

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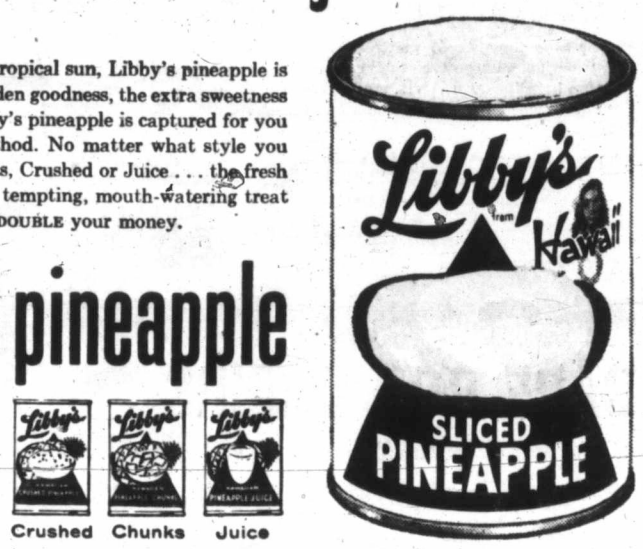

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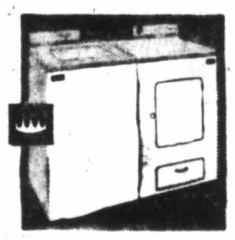

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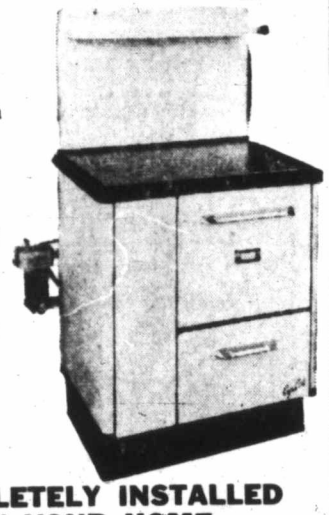

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